UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF CHILE

IPF:(1987-91) $14 183 000

(CHI/90/002)-Public Policies Formulation (Supplementary Assistance)

Date of approval by the AC:[1]	3 April 1991
Expected duration:	24 months
Proposed executing agency:	Government
Government implementing agency:	Ministerio de Planificacion y Cooperacion (MIDEPLAN)
Proposed UNDP contribution:	$ 798 500 Source of funds: IPF
Government cost sharing:	$ 378 700
Previous UNDP budget:	$ 687 400
Total UNDP budget:	$ 1 864 600

Project background

The Chilean transition to democracy requires simultaneous and co-ordinated political, economic and social actions. The strategy of the Government, which took office in 1990 aims to democratize a society and a State which had been subject to 16 years of authoritarian rule, promote social justice for large sectors of the Chilean population which have not participated in the economic growth of the last decade, and foster economic growth, national modernization and the global competitiveness of the Chilean economy.

Serious legal and fiscal constraints imposed by the previous regime inhibited Government access to the professional expertise needed to carry out these tasks. UNDP support to help advise the high level authorities on these matters was requested, and the project started activities in April 1990.

In ten months, the project has satisfactorily helped to implement the Government Programme :(i) in the political aspects: preparation of 7 laws creating the Women Ministry, and the Youth National Institute, and reforming the legal context to lift censorship related to the operation of radio, television, and publicity; (ii) in the social aspects: preparation of a package of 5 laws of labour reform, as well as analysis and proposal for the restructuring of Ministry of Labour and development of data base on poverty; (iii) in the economic aspects: reformulation of the model for macroeconomic simulation, preparation of the tax reform (approved in July 1990) and the 1991 Budget Law, formulation of the Chilean position on the Americas Initiative, the commercial pacts with Mexico, Argentina and Venezuela, the Science and Technology Programme to be financed by the IDB and a proposal for the privatization of the national rail roads.

[1] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

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Although the fiscal restraints imposed by the 1990 budget have been generally relaxed in the 1991 budget, the legal constraints continue to restrict the full operation of the civil service for implementing the democratic programme. In this sense, the Government has requested the extension of the project in order to further develop the activities needed to bridge the transition period.

Description of project

The immediate objectives of the project remain to : (a) reform the mechanisms of communication of the State and the Society and a more effective relationship between executive and legislative powers; (b) promote social justice through the transformation of labour legislation and the formulation of programmes for the elimination of poverty; and (c) instil economic growth through continued strengthening of the private sector, maintenance of macroeconomic equilibrium, encouragement of private national, and international investment, promotion of technological development, and the consolidation of foreign trade policy.

Project activities will include: (a) preparation of the Law of the Press and five laws for specific labour sectors, as well as of legal instruments; (b) reorganization of proposals and procedures to simplify the functioning of the Direction of Labour and Social Security Institute, and to discuss the proposals with labour, and management representatives; (c) formulation and testing of methodologies for the appraisal and monitoring of social policies and programmes; (d) preparation of instruments for the periodic analysis of macroeconomic and fiscal behaviour; (e) proposing recommendations on foreign trade policies as well as increased private sector participation in forestry, agroindustry, mining and fishing; (f) formulating the basis for a national policy on technology and design the fund for technology and productive development; (g) proposing management strengthening of Prochile as a main instrument for an increased internationalization of the Chilean economy; (h) preparing laws for consumers protection, industrial property and standard of quality certificate for export products; and (i) systematizing the public sector projects bank.

Inputs

UNDP will provide 24 man-months of a CTA, three man-months of international consultants; 87 man-months of administrative support; 884 man-months of national consultants in macroeconomic policies, fiscal policies, international economic relations and labour policies; subcontracts for specific survey studies; in-service training: equipment; and miscellaneous costs.

The Government will provide personnel, administrative assistance, equipment, office space, and operational costs.

Financial data

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Personnel	1 068 800
Subcontract	40 000
Training	56 800
Equipment	5 500
Miscellaneous	6 100
Total	1 177 200

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